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DAILY

# SUMMARY

DEPARTMENT OF STATE  
POLICY REPORT

SECRET

April 15, 1954

AMERICAN REPUBLICS

1. Costa Rican Excitement over Nicaragua - Embassy San Jose says the Costa Rican Government is apparently completely panicked by the current turmoil in relations with Nicaragua. The Embassy suggests we stall the Costa Rican efforts to seek aid in their difficulties with Nicaragua until officials in San Jose touch earth again. Meanwhile President Somoza told Embassy Managua that while he had not received the threatened protest from the Costa Ricans, he hoped they would ask the OAS to investigate as he could prove every one of his charges concerning them. San Jose 126 4/14, Managua 131 4/15 (S)

2. Guatemalan Trade Agreement Violation Protested - We have advised Embassy Guatemala that we believe the Guatemalan regulation of February 11, 1954 prohibiting importation of certain types of cheese is in contravention of the US-Guatemalan reciprocal trade agreement, and have, accordingly, asked the Embassy to protest this violation and request Guatemala to take appropriate remedial action.

To Guatemala City A-103 4/12 (C)

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EUROPE

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April 15, 1954

## EUROPE AND THE COMMONWEALTH

1. UK Views on Saar Negotiations - The British Foreign Office working level has told Embassy London it is recommending to higher levels that the US and UK now begin to intervene in the French-German negotiations on the Saar owing to the recent "degeneration" in the French-German talks. The working level recognizes, however, that in view of other matters that will arise next week in Paris on the occasion of the NATO ministerial meeting intervention may not be expedient at the present juncture.

London 4552 4/14 (S)

2. Netherlands' Reply to Soviet Protest - Yesterday the Netherlands' Foreign Office gave a brief note to the Soviet Ambassador at The Hague rejecting the USSR protest over the stationing of a US Air Force unit on Netherlands' soil. The note stresses that the Netherlands is permitting US forces to be stationed on its base in accordance with the NATO Charter, the defensive character of which is well known, and in accordance with UN principles.

The Hague 1067 4/14 (C)

3. French Propose NATO Act Against GDR Recognition - The French Embassy here urged that the US, UK and France present a paper at the forthcoming NATO Council meeting reiterating the West's attitude toward recognition of the East German Government (GDR) as outlined by the Brussels Pact Powers agreement of December 15, 1949. We suggested that France might take the lead in NATO on this issue if they wished and agreed that Bonn was the appropriate place to draft the tripartite position.

To Paris 3656 4/14 (S)

4. Polish Commemoration Ceremonies at Monte Cassino - We have informed our Ambassador in Rome that we consider it appropriate for her to accept the invitation of General Anders, Commander of the war time Polish Army which fought on our side, to attend ceremonies at Monte Cassino. We have suggested that she avoid any statements which might be construed as indicating preference for General Anders and his group as against other Polish anti-Communist emigres not allied with him, or as implying any possible change in our position on non-recognition of the London Polish "Government in exile."

To Rome 3383 4/14 (C)

5. Comment on Belgian Election Results - Embassy Brussels reports that Belgian political leaders and observers tend to attribute the Catholic Party losses and the Socialist and Liberal gains in the Belgian election to: 1) a return to previous voting loyalty by many who supported the Catholic Party on the "royal question" in 1950; 2) the issue of alleged government leniency toward collaborationists; 3) the length of military service; 4) unemployment; and 5) the disadvantage to the Catholic Party of having governed

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in a difficult period. The Embassy observes that although the Catholic Party still has a plurality in Parliament, Belgians generally view the election as a Socialist victory. Socialist leader Spaak has told the Embassy that the King might select either a Socialist or a Catholic Party member to form a government. The Embassy received the impression that Spaak favored a Catholic Prime Minister, presumably with himself as Foreign Minister. Foreign Office sources say that Spaak is the best bet for Foreign Minister.

/Brussels 789 4/14 (C)

6. Finnish Government Developments - Embassy Helsinki reports that former Premier Kekkonen's attempt to form an Agrarian-Social Democrat coalition cabinet has failed because of Socialist unwillingness to accept his leadership. Kekkonen has now asked the Finnish National Party and the Swedish Party to join his Agrarian Party in a bourgeois coalition. Our Embassy believes that no decision can be expected before next week, because the Finnish Diet has already begun its Easter recess.

Helsinki 301 4/14 (Un)

7. Possible "Demotion" of Rakosi - Our Legation in Budapest has received a report that a reliable Western source was informed by two Hungarian Communist functionaries that orders have been issued to remove portraits of party leader Rakosi. To counter wild rumors on Rakosi's fate these functionaries stated that the party secretaries have been instructed to explain that "the order was issued by Rakosi himself as part of the collective leadership principle and does not affect Rakosi's standing or influence within the party." Budapest 5984 4/14 (S)

8. Spanish Repatriates from USSR - We have informed Embassy Madrid of our desire to interview selected former POWs of the Spanish Blue Division to obtain firsthand information regarding conditions in the USSR. We are prepared to send to Spain experts on Soviet affairs who would conduct the interviews and share with Spanish authorities the results of the interrogations. Embassy Madrid has been asked to comment on this plan.

To Madrid 777 4/12 (S)

9. Kersten Committee Proposes Hearings in London - The Kersten Congressional Committee has indicated to us, in connection with its proposed hearings into Communist methods used in subjugating the satellite countries, that it wishes to conduct private closed interviews in London. The Committee states arrangements now being made with the German Federal Republic for closed interviews in Munich will not sufficiently serve the Committee's purposes since a large number of Polish refugees now in the UK should be heard and it is impracticable to transport them to Munich. Embassy London has been requested to approach the Foreign Office informally to determine British reaction.

To London 5413 4/14 (C)

FAR EAST

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April 15, 1954

## FAR EAST

1. Paris Discussions on Indochina - In his conversation with Bidault on the Indochina problem, the Secretary outlined our position on making clear a united determination to prevent a disaster in Southeast Asia, stressing that this was the only way to obtain a real peace settlement at Geneva. He explained the reactions we have received to our approaches on the matter with other interested countries, adding that the UK misunderstanding of our position had been cleared up. He said the UK was more inclined than the US to set up some sort of formal treaty system in Southeast Asia but otherwise was in general agreement with our position. In view of the length of time needed to develop such a treaty system, we felt some informal ad hoc arrangement should be worked out first. The Secretary stated our belief in the necessity of independence for the Associated States. Bidault said he was in substantial agreement with the Secretary on all points except that of the importance of independence for the Associated States. He said that if some transfer of power remains after the French actions of 1949 and 1953 it was because the Associated States had given little counterpart, especially in the military field. However, he understood and respected US public opinion on this point, even though there was a lack of understanding as to what the French Union meant. French opinion was important too. It misunderstands the war, and that is why an honorable peace is needed. He reiterated this would not mean the turnover of the area to the Communists. He stressed that the French Government cannot give the impression in advance that Geneva will fail and that the only possibility at Geneva is a change in the status of the war, i. e., internationalization. Bidault said the chances of success at Geneva were poor. However, while he agreed on the need for unity, it would be necessary for France to examine all proposals carefully and make an effort to achieve a settlement. This would be essential in order to make possible a subsequent continuation of the French war effort if required.

Paris 3888 4/14 (S)

2. Comment on Franco-Vietnamese Talks - The Vietnamese Prime Minister has told Embassy Saigon he was most hopeful that an agreement would be reached with the French prior to the Geneva conference on the independent status of Viet Nam simultaneously with a second agreement by which Viet Nam and France as equal partners would define their relationship within the French Union. He felt it essential to conclude these agreements before the conference. In more qualified terms, the French Commissioner General has expressed a similar hope but said the French Cabinet and public opinion were divided on the question. His estimate was that the French will not sign any such treaties before the conference. If this is the case, the Embassy comments, the French will come to Geneva as most vulnerable targets for the Communist attack and in a difficult position to refute portrayal of the Associated States as "puppet governments."

Saigon 1993 4/14 (S)

3. French Ideas on Participation at Geneva - In the informal US-French preparatory talks in Paris on the Indochina phase of the Geneva conference, the French indicated that their preliminary thinking does not favor formal participation

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of the Associated States. If they participate, the French do not see how the Viet Minh could be excluded, although the presence of the Communist puppet governments of Cambodia and Laos could probably be resisted. The French feel the problem could best be handled by giving the Associated States and the Viet Minh (and perhaps the Laos and Cambodian puppet governments) a special status as limited conference participants deriving in essence from the immediacy of their conflict of interests. They would be neither full participants nor observers but their representatives would be readily available at Geneva for participation as the occasion required, thus avoiding any discussion of the legal basis of these governments and confrontation across the conference table of the respective belligerents. In order to avoid the five power connotation and to keep the conference as small as possible, the French are inclined to favor the Big Four, Communist China, Burma and Thailand as the participating powers. In general terms, the French position apparently is to find some basis for a cease-fire on purely military grounds with political negotiations to follow. Although admitting the difficulties involved in finding a political settlement, the French indicated that it was conceivable there could be a cease-fire in Indochina without a political settlement, as in the case of Korea. Paris 3897 Sec. 1 & 2 4/14 (S)

4. Discussion of Korean Phase of Geneva - At Tuesday's meeting of the countries that have accepted invitations to the Geneva conference, we outlined our plans for the Korean phase, stating that we were confident the allies agreed the primary purpose would be to seek Korean unification on terms that would not result in turning the area over to the Communists. We emphasized the fundamental importance of the ROK in the whole question, that any proposals must preserve the framework of the legitimacy, sovereignty and integrity of the ROK in principle, not equate the ROK with the North Korean regime, and that without ROK endorsement and support, any proposals or agreements would be ineffectual and invalid. We noted that two unification plans have been generally suggested: 1) to carry forward the plan through the existing UN framework; or 2) to start from scratch by holding elections throughout Korea for a constituent assembly to form a new government. The US favors the position conforming to the UN resolutions. This would mean elections under international observation in those parts of Korea where the UN had not previously been able to observe elections and within the framework of the ROK constitution. We cautioned that in considering the initial Allied position at Geneva we should not now bargain the proposals down between ourselves to a point where no flexibility remains for negotiating with the Communists. We agreed that the possible bargaining range within our position lay in extending elections from only North Korea to all of Korea, while still preserving the ROK constitution and pointed out also that a new all-Korea assembly could amend the ROK constitution. The UK representative thought his government would largely agree with the proposal, stressing, however, its flexible aspects.

Circular 362 4/14 (S)

5. ROK Postpones

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5. ROK Postpones Anti-Communist Conference - Rhee has confirmed to Embassy Seoul the postponement of the "Anti-Communist Asiatic Peoples Front Conference" scheduled to convene in Chinhae April 26. He attributed this solely to the inadequacy of accommodations resulting from the "unexpectedly large response" to the ROK invitation. Seoul 1010 4/14 (C)

6. Indonesian Views on United Action - When questioned by the press on the Secretary's united action proposal the Indonesian Prime Minister said that Indonesia would maintain its independent foreign policy. He said he would not in principle agree to any proposal for a joint declaration on Chinese Communist intervention and that he could not see the danger to Indonesia if the Viet Minh should triumph over France in Indochina. Djakarta 1184 4/14 (Un)

7. Viet Nam Moves to Strengthen Government - Embassy Saigon reports that Bao Dai has issued two decrees, one providing for the immediate establishment of a War Cabinet, the second providing for the incorporation of the armies of the South Viet Nam religious groups into the Vietnamese National Army. Saigon 1960 4/12 (Un)

8. Views on New Guinea Problem - Our Ambassador in The Hague comments that while he can well understand our "wish that the New Guinea problem would just go away," the fact remains that the Indonesians plan to sound out the Latin Americans as to their attitude if the question is brought before the GA and that most Latin American governments are certain to ask us what we think. He asks: 1) what possible advantage is there for the US, the UN or for Southeast Asia to have this question discussed in the GA? and 2) is it not better to take the position now that GA consideration of the New Guinea problem would not be helpful? Our Ambassador thinks that even in the name of anti-colonialism it would be harmful to defend the attempted delivery of the backward Papuan tribes from Dutch colonial administration to the less competent Asiatic colonial administration of the Indonesians in view of the complete absence of any racial, political or economic affinity between them. He also asks whether in the light of the growing Communist influence and power in Indonesia it is in our strategic interest to see New Guinea delivered to Indonesia. The Hague 1061 4/13 (S)

9. Position of Peiping in Communist World - The UK Charge in Peiping has told Consulate General Hong Kong that the Chinese Communists exercise firm control over support to the Viet Minh and are largely responsible for Communist programs in North Korea. Principal responsibility for the Communist revolution in Asia rests with Peiping, which has considerable freedom of action. The Chinese Communists work closely with the USSR, he said, but their policy is not dictated from Moscow. Hong Kong 2082 4/14 (C)

NEAR EAST

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April 15, 1954

NEAR EAST, SOUTH ASIA AND AFRICA

1. Egyptians Aroused over Palestine Situation - Our Ambassador in Cairo says he has never seen the Egyptians more deeply and universally disturbed than they are at present over the recent Israeli tactics and what they consider the US attitude. They profess to view the plan for a SC review of the whole Palestine situation as a Western plot to force the Arabs into making a peace treaty with Israel, a development which they allege would only support the Israelis' tactic of trying to force peace through terrorism.

Cairo 1304 4/14 (C)

2. Libyan King's Power Seizure Source of Concern - Our Minister in Tripoli observes that recent events in Libya in which Prime Minister Saqizli was dismissed cannot help but lead to the conclusion that the King has determined to discard any semblance of further adherence to the constitutional and democratic aspects of his monarchy, and to assume the prerogatives and authority of feudal absolutism along Saudi Arabian lines. As a corollary to this and more serious to US interests is the breakdown of central governmental authority and the greatly enhanced power and independence of provincial authorities, who may in the future choose to disregard provisions of the US-Libyan treaty now being negotiated.

Tripoli 355 4/14 (C)

3. Foreign Enclaves in India Critical Issue - Our Ambassador in New Delhi is greatly concerned that the issue of the French possessions in India will become a means whereby the Communists will be able to achieve success in the eyes of Indian Nationalists and reinforce their suspicions of French intentions regarding Vietnamese independence. Our Ambassador comments that the Indian Communist Party could claim credit for adherence to India of the French pockets, which are an anachronism and should have been given up in 1947, and which are of no possible value to France. French insistence that the enclaves are integral parts of France and not colonial possessions carries weight only with the most legalistic minds but the Indians are determined to press their present campaign until these areas are joined to India. Meanwhile, Embassy Lisbon reports that the Portuguese Government is increasingly concerned about Indian agitation over Goa and Salazar took the unusual step this week of making a radio speech on the subject. Lisbon 228 4/14, New Delhi 1548 4/14, New Delhi 1546 4/14 (C)

4. Comment on Ankara Pact - The US Military Attaché in Ankara reports that no substantive agreements with the Yugoslavs appear to have been made during the recent Greek-Turkish-Yugoslav conference and the Turks have been exceptionally close-mouthed about it although insisting, perhaps a little too strongly, that the atmosphere of the conference was friendly. It is believed in Ankara that Tito's visit is primarily for the purpose of strengthening the military aspect of the Ankara Pact.

Ankara MA Messages 4/12 & 4/13 (S)

CONGRESSIONAL

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April 15, 1954

CONGRESSIONAL RELATIONS

SENATE

Meets at noon. Continues debate on H. R. 6342, lease-purchase bill, followed by consideration of S. 2665, Classification Act amendments.

Senate Committees:

Foreign Relations continues executive testimony from Admiral Radford and Secretary Wilson on new developments in defense programs and their relationship to foreign affairs. Subcommittee on international agreements meets in executive session to discuss procedure.

Proceedings, April 14:

Senator Dirksen submitted proposed reservation to the International Sugar Agreement.

Both Houses received draft bill authorizing appointment of Col. Leland Hazelton Hewitt, as US Commissioner, International Boundary and Water Commission, US-Mexico.

Reported S. 3292 (Senators Ives, Hendrickson, and Saltonstall) to make certain changes in the Immigration and Nationality Act.

Reported S. 3305 to authorize payment of certain war claims, including payment of certain claims arising from sequestration by Japan of credits of members of US military and naval forces and US nationals in the Philippines.

Reported S. 3308 to provide for the disposal of Government-owned surplus agricultural commodities.

Reported S. J. Res. 148 directing the CAB and the Federal Air Coordinating Committee to investigate the so-called Rome Convention limiting payment arising out of ground accidents caused by overseas air commerce.

Addresses by Senator Wiley and Senator Mundt commemorating Pan American Day. Senator Mundt directed his remarks to the importance of the exchange of persons program.

Senator Wiley called attention to the reconvening this month of the UN Narcotics Commission; inserted in the Record a letter received from Assistant Secretary Morton relative to the problem of the evacuation of French Union wounded persons from Dien Bien Phu; and welcomed a delegation from the German Bundestag.

Senator Humphrey called for support to restore House cuts in the educational exchange program.

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